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The new constitution provides for a modified presidential system with a prime minister appointed by and responsible to the president; a bi-cameral legislature with considerable powers; a supreme court; and a commissariate empowered to eliminate official corruption.

With the lower house elections in October, five elections will have been held in 14 months. The others are the constituent assembly elections last September, the village and hamlet officials elections in April and June, and Sunday's presidential and senatorial elections.

Laws covering the running of the elections, qualifications of candidates, and guarantees that enable the assembly to annul any elections judged to have been dishonest were determined by the constituent- provisional assembly still in office.

This assembly screened candidates, cutting the list of presidential candidates from 28 to 11, and the ten-man senatorial slates from 64 to 48 (only the top six will be elected) Although the entries for the 117-seat lower house are not yet final, it appears there may be as many as 2,000 candidates.

While recent government has been by committee -- the ten-man directorate of generals later expanded with the addition of ten civilians -- and though this resulted in two years of stability after more than a year of great instability, the committee system was itself inherently instable.

But prospects for the future are good, with the numbers of candidates showing that the elections and the return to civilian and constitutional government are taken seriously by the people. Once-clandestine political organizations have come out in the open to field candidates.

National issues have been well-aired in the constituent assembly and in the current campaigns. This has proved an effective political offensive against the Viet Cong, who have tried to claim they are the only true representatives of the Vietnamese people.

While there is, of course, some possibility of a military coup should the generals be unhappy with the election results, the government formed in the wake of the elections or even with the policies of such a government, the military have said they would support the choice of the people. Conversely, even if Generals Thieu and Ky become president and vice-president, the form

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of the government will be that provided by the constitution, a civilian government.

And though the constitution gives the president emergency powers to rule, they are limited and subject, within 12 days, to legislative approval.

On the statistical side, there will be 5,853,251 registered voters, 11 percent more than at last year's election, though this may in part simply indicate the bureaucrats have done a more thorough job of registration. Still, some of the increase is from new voters, who receive the franchise when they turn 18.

Since there are no reliable population statistics, figures are hard to come by, but, as educated guesses, the population stands at 17 million, with half or more of the population still too young to vote. On this basis, 76 percent of the potential voters are registered, but this is only an arbitrary assumption.

JOHN HOLMES, Acting Assistant Director for Economics, on Economic Situation:

On the economic front, prospects appeared bright, with inflation, once a serious danger to Vietnamese government and American efforts, under control, with more and more thought being given to improving production.

An initial economic problem was and remains that Vietnam is essentially an underdeveloped nation that has long had a colonial-type economy. Agricultural commodities and raw materials were exported, in turn earning foreign exchange for manufactured goods, with most of the trade to and from France even after independence.

The Indo-China War, 1946-54, particularly in the latter stages, to some extent destroyed what industrial capabilities were present in the south and little was done, under the Diem regime, toward restoration. As the population increased markedly, agricultural exports fell off, but the foreign exchange gap was made up by American aid.

Even the current Vietnam War, in its early stages, had little effect on the economy; the nation remained an exporter of, for instance, rice through 1963. In the following year, however, extensive floods coupled with governmental instability and Viet Cong take-over of large areas brought refugees, vacant farm lands and the necessity of, for the first time, importing rice.

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Just the same, prices remained stable -- and unemployment (up to 30 percent in the Saigon area) high -- through the first quarter of 1965. In the military build-up that followed, both in terms of manpower and military and related construction brought a first round of inflation.

At one point, the American budget in Vietnam equalled that of the government itself, so some projects were cut back, while American servicemen were encouraged to hold down on local currency spending. A massive import program was also initiated, but was not a particular success.

In mid-1966, more stringent measures were needed. On June 18, the piastre was devalued, from 60 to the dollar to 118, thereby cutting in half the import purchasing power of surplus funds. After a brief flurry of price hikes, the cost of living levelled and remained fairly steady until after the first of this year, when rice prices were raised to give the producer a better return on his labor.

This led off a new round of price hikes, 30 per cent overall so far this year, but with food prices up 40 percent, other items only 23 percent. Part of the increase in food prices, too, is believed due to production declines under earlier government food price controls.

Still, the line seems to have been held.

Future aims are increased urban savings and investment -- rather than purchase of imported goods or refugee capital -- and increased rural production and prosperity. This, in turn, is linked to pacification, since without it, the Viet Cong are liable to take a lion's share of the benefits earned by rural residents.

Other things are needed: streamlining of the civil service, which seems to exist largely to safeguard its own privileges; a new set of tax laws with trained men to administer the laws and collect the taxes; a modern budgetary system.

Other needed development programs can be put forward on a selective basis -- an oil refinery here, a cement plant there, always keeping in mind manpower drains, since manpower is the least avaflable national resource and getting even less available.

Many programs should be encouraged private investment, again particularly in rural areas, such as banking, transportation and distribution improvements. Some efforts in this field are just becoming visible -- chemical fertilizers

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and insecticides and one-man power plows are being imported and taken up by farmers in some areas, supplied by private enterprise middlemen and the foreign manufacturers. Since these items replace short manpower, more and more crop producers are expected to take economical advantage of them.

The speaker pointed out many knowledgeable Vietnamese are bitter over economic aid to date, feeling too much attention has been paid to survival -- for which they are grateful -- but not enough to the country's development.

Such feelings provide considerable political leverage -- for either side.

AMBASSADOR ROBERT KOMER on Pacification Review:

Thanks to recent military gains, pacification is now big business. Programs launched earlier were sound in concept but failed primarily for two reasons -- the enemy held the initiative if not outright control of the countryside, and because of the war situation, needed resources had to be diverted to other programs.

Times change; the time is more and more ripe for pacification, and we have had 18 months of preparation. There are currently 200 Revolutionary Development teams in the field today, plus an additional 110 Montagnard teams in the Highlands, against only 250 teams in the field at the beginning of the year, and the strength of the Vietnamese armed forces has doubled in the past three years.

But Revolutionary Development isn't the whole story on pacification. After all, there are 12,000 hamlets in the country -- the number that can have RD teams at any one time is only a fraction. Rather, think of RD as the "leading edge" of pacification.

The key to pacification is security, which is what the peasant wants, and that is primarily a military matter until the Viet Cong and North Vietnamese forces are under control. Additionally, it is a Vietnamese job, with Americans on hand only to give advice and support, and with American forces keeping the enemy main forces off the backs of those engaged in pacification.

The American effort is going forward, the Vietnamese are tackling pacification, the pending reorganization of the Vietnamese forces, with needed decentralization will be another step forward, and, using the buddy system and integrated organizations and operations, training of the Vietnamese forces is being stepped up.

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The most difficult task, and the one most needing to be stepped up, is the rooting out of the Viet Cong infrastructure, the secret government. This, however, is primarily a police-type job, and the National Police Field Force units are taking more and more responsibility for it. Once it is accomplished, there will be even more security for the nation's farmers.

My favorite is the Chieu Hoi Program under which Viet Cong and North Vietnamese soldiers and others rally to the republican government. So far this year, returnees are coming in at double last year's rate, and we expect an increase in this later in the year; about 22,000 have turned themselves in so far this year, about 68,000 since the program was initiated.

And this is an inexpensive program. The cost last year was US$127.50 per returnee. I expect it will be up a little this year, but it is still cheaper than killing the enemy -- a senator recently estimated killing costs us US$300,000 per man.

Refugees are a problem -- in the northern quarter of the country, where fighting has been heavy for several months, they are 20 percent of the population. Just the same, in four years, more than 600,000 refugees have been resettled, while more than 600,000 more have been able to return to their own villages.

In local self-government, elections have been held in 1,000 villages and 4,600 hamlets -- security is a factor here -- and I understand that at least 1,600 old appointed officials were not returned to office in some 6,000 races.

Social and economic development of rural areas is going ahead, with self-help and important factor in our plans. By next year, no project -- schools, agricultural education or assistance, establishment of maternity clinics, what-have-you -- will be started unless the people involved are at least partially matching our contribution through their own efforts.

The integration of civilian and military American phases of pacification has gone well. Although there were some fears, there has been no militarization of civilians; indeed, some military officials have been civilianized. I'm increasingly impressed with the results, and understand the Vietnamese pacification program may follow our lead.

Right now, the nation is in the midst of an election, but I foresee solid momentum in the rest of this year, and a payoff in 1968. Perhaps we'll be able to discuss things better during Tet of next year.

Right now, the enemy is stepping up his attacks in an efforts to disrupt the elections, and this has an adverse psychological effect, but this is offset

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by other, more favorable, factors.

At least one province, An Giang, can be said to be completely pacified, but this is because it is a stronghold of the Hoa Hao sect. Results are perhaps best in such provinces as Binh Dinh, Quang Ngai and Quang Tin, once all but written off to the enemy.

BRIG. GEN. JOHN CHAISSON, MACV on Military Tactical Situation:

Vietnam, a long thin country running from north to south, is divided into four corps areas from north to south. Through division commanders, the corps commander controls the regular military forces, while through provincial chiefs he controls the militia.

In I, II and III Corps areas, the American commanders are senior corps advisors to the corps commander, and all free world operations, whether or not they involve Vietnamese units, must be cleared through the corps commander. These Americans are the commanders of the marines of I Field Force Vietnam — and II Field Force Vietnam in I, II and III Corps areas respectively; IV Corps in the south is an almost entirely Vietnamese operation because of special circumstances there that I'll get into later.

Because American units are better equipped and trained, we are the senior partners in the main war effort, while the Vietnamese are the senior partners in pacification, where their knowledge of local terrain, the people and other matters gives them an advantage. Many operations are integrated, but, hopefully, U. S. forces will be withdrawn from such integration as Vietnamese units gain in skill.

In the north, there is fighting along the Demilitarized Zone, where there is something like a front line and some approach to conventional warfare. The North Vietnamese attempted an open invasion through the DMZ in June but were stopped. Fighting has been going on ever since, and that is the only place we are under fire from field artillery in North Vietnam. We try to take it out with our own artillery and aircraft, but I don't see how you can do it completely unless you move in and occupy the ground.

No, I am not advocating an invasion of North Vietnam; we'll just have to do the best we can.

Still in I Corps, we have been in the Da Nang area two years, fighting mostly local units, and it is exasperating, the Viet Cong are entrenched with the people and can be cleared only after a great deal of work with and among these same people.

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Farther to the south but still in I Corps, Quang Tin and Quang Ngai Provinces may yet become bright spots. We had once all but defaulted the area, but when fighting started and men were needed at the DMZ, Gen. Westmoreland formed the army's Task Force Oregon, now to be renamed the American Division, and sent in its 16,000 men. Other units have since been added, and since April have killed 5,400 of the enemy while losing only 400 dead ourselves. There are still some North Vietnamese units in the hills to the west, but they aren't doing much now.

In II Corps, we have our own cavalry and a Vietnamese division, plus National Police Field Forces, and we are clearing Binh Dinh Province, which has roughly one-third of the II Corps population.

Along the coast, from Qui Nhon south to Phan Rang, the two Republic of Korea army divisions are doing a magnificent job, having great success, in some ways doing a better job than Americans. They have militant control -- they don't use kid gloves -- and I applaud them, though I don't say we should use the same tactics. There is an element of understanding they have that we don't, and besides, we are open to charges of acting like a colonial power.

Also in II Corps, up in the highlands, we face significant numbers of North Vietnamese units sitting on the border. They occasionally come over and we and the Vietnamese chase them back.

III Corps is very important -- it has Saigon, the capital, and some 4.5 million people, not to mention some first line Viet Cong and North Vietnamese units, though we've had little success at engaging them since spring. Right now, they seem to be cooperating with us by lying low -- cooperating because in this weather we don't have the firm roads and good visibility for helicopters we'd like. Our American forces have been concentrating against their local units.

Vietnamese ability is high here. Last month in An Loc Province, the enemy attacked a Vietnamese battalion while tying down nearby supporting American units. The response was heartening -- even though they were facing at least an enemy battalion and possibly a regiment, and although their perimeter was entered, they rallied and drove them out of the camp again. In the morning, there were 14 government soldiers dead, and 140 of the enemy left dead behind.

IV Corps is distinctive, densely populated -- some five million population

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and cut by rivers and waterways. The Vietnamese have three excellent divisions in the area, the enemy is all Viet Cong, no North Vietnamese. The Viet Cong generally fight in small groups, and the government forces do the same. They are getting more and more aggressive, as are the navy's River Patrol forces, who are gaining control of the important waterways. Until this past week, when they started their pre-election attacks, the enemy was definitely less aggressive than it had been earlier.

While we can't seal off this country's borders, we are watching the borders, guarding and hitting the enemy's communications lines. I foresee a drop off in the numerical strength of enemy forces in Vietnam -- we are hitting them harder than they can rebuild.

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A final scheduled briefing, by John Robinson, Acting Director, USAID, on the functions of the AID Mission, was postponed until a later date so that newsmen could go to Ton Son Nhut airfield for the arrival of the official U. S. election observers.

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